



## Wyoming Lender Alert

100 East B Street, Room 4001 Federal Building, P.O. Box 2839,  
Casper, Wyoming 82602-2839

Tel: (307) 261-6500 Fax: (307) 261-6535 TDD: (307) 261-6527 Web: [www.sba.gov/wy](http://www.sba.gov/wy)

June 2004

Steven Despain, District Director

*Making a Difference for Small Business in Wyoming*



Steven F. Despain

### ***Small Incorporated Firms Benefit Up To Seven Times More***

Small incorporated firms benefit more than larger firms from the meals and entertainment deduction, according to a study released by the Office of Advocacy of the U.S. Small Business Administration. Small firms that take advantage of this deduction reduce their effective tax rate by 0.75 percent on average, while larger firms only receive a 0.11 percent reduction in their effective tax rate.

Small firms use the meals and entertainment deduction as their primary marketing tool. They don't have the budget for big ad campaigns, but they can talk with their potential clients over lunch. The study reinforces how important that deduction is for smaller incorporated firms.

The finding is reported in "The Impact of Tax Expenditure Policies on Incorporated Small Business" written by Innovation & Information Consultants with funding from the Office of Advocacy. The report analyzes how "tax expenditure" programs affect effective tax rates.

The study's finding validates what we have consistently maintained for years - that the business meal deduction is a tool used widely among small businesses, and that an increase in the meal and entertainment deduction would provide an immediate boost to the nation's economy.

For the complete study, visit the Office of Advocacy website at [www.sba.gov/advo](http://www.sba.gov/advo).



Steven F. Despain  
District Director  
Wyoming District Office

### ***Streamline Loan Servicing***

As part of a broader initiative to transform and streamline the Agency's processing, servicing, and liquidation functions, SBA has recently completed an analysis of the servicing actions currently performed by its Little Rock and Fresno Commercial Loan Servicing Centers (CLSC). From that analysis, the Agency has concluded that a substantial percentage of the CLSCs' servicing actions entail documenting or responding to actions that SBA has fully delegated to 7(a) lenders or Certified Development Companies (CDCs). As such, these actions should not require either a

notification to or a response from SBA.

Pursuant to this notice, effective immediately, CLSCs will no longer review, acknowledge, stamp, notate or take any other servicing action on actions delegated to lenders/CDCs. This change to SBA internal procedure will allow SBA to more effectively and efficiently use existing resources in the CLSCs to process servicing actions that do require SBA review and approval.

SBA also has revised SOP 50 50 4, Chapter 4, Para 13 (p. 4-13) to make clear that Lenders and ALP-CDCs must not notify SBA or seek SBA approval on "non-substantial" servicing actions within a Lender/ALP CDC's unilateral authority, when they take such actions. Lenders may consult with SBA, about whether a proposed action is substantial or will confer a preference, by calling the CLSC responsible for overseeing servicing.

In addition, this notice reiterates current policy concerning which actions SBA has delegated to certain lenders/CDCs, and which lenders/CDCs have been granted unilateral authority to take certain actions.

For the full text of the Notice please go to:

<http://www.sba.gov/banking/index/noticefy04.html>

### **Mahlon Sorensen Retires**



Mahlon retired April 17 after 21 years as Wyoming District Office Legal Counsel. During his tenure Mahlon received more than 20 awards for outstanding work performance and assistance to small business and the public.

Mahlon will be moving back to the family farm in Iowa at the end of June. He and his family have been planning this for many years and now it's time. We will miss his expertise, experience, positive outlook and the smile he always wore.

### **LowDoc Lenders Inquiry**



**Q:** Do we need to provide a balance sheet on a sole proprietorship business, in addition to the personal financial statement?

**A:** Yes, LowDoc still needs a balance sheet for the business that excludes personal assets and liabilities.

**Q:** Why did you limit my request to increase my borrower's loan by \$20,000? I thought a 7(a) loan could be increased up to 20% after approval?

**A:** Your original approval was for a \$135,000 loan. Under the LowDoc program the maximum loan is \$150,000. What this means is you could request an additional \$15,000 or 11% maximum. Your request was for an additional \$20,000 or approximately 15%. The \$20,000 would have raised the LowDoc to \$155,000, \$5,000 over the maximum loan amount.

### **Young People Leaving the State**

We always hear about our young people leaving the state. If you listen, you'll hear students asking questions like: "How can I use this class in real life? Why do I have to take this class? How does it relate to what I'm going to be doing in the "real world?"

Michelle Worden, entrepreneurship teacher at Natrona County High School (NCHS), Deb Farris, with the U.S. Small Business Administration (SBA), Amy Lea, Wyoming Women's Business Center (WWBC), Lisa Wagner, with Wind River Development Fund (WRDF) and SCORE Chapter 181 partnered to provide a "real life" experience for students.

Strengthening and Growing Entrepreneurship (SAGE) curriculum created to assist entrepreneurs on the Wind River Reservation develop business plans was used in teaching the students at NCHS. The curriculum was modified for use with the students and they started working on their business plans about a week before Christmas break. And the plans were finished by the first of March.

Once completed, volunteers from the local Service Corp of Retired Executives (SCORE) stepped in. SCORE volunteers reviewed forty-

seven business plans and selected first, second and third place winners as well as three honorable mention winners. All participants were awarded certificates from SCORE and SBA District Director, Steve Despain.

Individual SCORE members reviewing plans were Bob Hildebrand, Hank Ise and N.A. Wolf.

For "today", the students completed business plans for a grade. In a couple years, you may walk into a store one of these students opened or take your children to a day care center started by one of them,

This collaborative effort is an example of what can be accomplished when you are aware of the resources for small business in your community.

What can you do to help keep our young people in Wyoming?

### **SBA TIES LOAN MAKING RECORD IN APRIL**

Wyoming SBA approved 24 loans for a total of \$4,299,600 in April. This ties a seven-year record. Of the 24 loan total, there were four 504 loans. The 504 loans had a grand total of \$1,205,000. Twenty 7(a) loans were approved in the amount for \$3,526,770. 7(a) loans included five LowDoc loans for \$262,500, six PLP loans for \$1,707,100, and five PLP Express loans.

Wyoming lenders are off to a great start in 2004 with 107 loans approved for a remarkable \$21,151,450. This total reflects just seven months of the fiscal year (through April 2004). Wyoming lenders have the power to make this year unforgettable for small

businesses throughout the state. We appreciate your support of our programs!

### ***High SCORE for this Resource***

The Small Business Administration presented an award to Casper's SCORE Chapter 181 in recognition of their service to the community. SCORE Volunteers present to accept the award were: Bob Hildebrand, Hank Ise, and N.A. Wolf.

SCORE Counselors are made up of working and retired executives and business owners who volunteer their time to provide confidential business counseling free of charge. The "Counselors to America's Small Business" are dedicated to the growth and success of small businesses nationwide.



Dave Denke, presents SCORE award to N.A. Wolf, Bob Hildebrand & Hank Ise

### **Women's Business Grants**

Check out Women's Finance at [www.womensbusinessgrants.com/](http://www.womensbusinessgrants.com/) This site, *although not affiliated with the Small Business Administration*, identifies a fund from a non-profit private foundation which gives business grants to women who wish to start a business, or grow a business they have already begun.

**Why?** The need for grants for women is well known. Women own over nine million businesses yet they receive the least amount of financing from traditional sources such as banks and venture capital firms. Women traditionally own smaller types of businesses that don't need financial assistance of \$250,000 or more, and so financing options are limited.

Business grants are hard to come by however. Most businesses are created with loans which rely on

good credit histories and collateral that women may have a hard time supplying. Women often choose to max out their credit cards or borrow from family members in order to start a business, which may make their own finances uncomfortable.

Women's Finance wants to give women a chance to fulfill their dreams, as well as help them create businesses that will give more women a chance to obtain employment security in family friendly companies, without owing money to some financial institution. The Women's Financial Fund was created as a non-profit entity to give these grants to women.

**What types?** The Women's Financial Fund awards grants to new and existing businesses.

*New Business Grants* – Grants range from \$100 to \$5000 to help women start a business. All business types are encouraged, including network marketing companies and service oriented businesses.

*Existing Business Grants* - These grants range from \$1000 to \$5000 to help women expand businesses they have already created. Whether it's developing a new product, expanding into a new market or buying equipment, these grants can help women owned businesses increase their reach

**Who is eligible?** You must be: a woman, a U.S. resident over the age of 18 (though we may offer smaller programs for teens in the future) and have made at least a \$5 donation/application fee to the

Women's Financial Fund to be eligible.

Each business grant is awarded on the quality of the business plan and application materials. Because the grants do not have to be repaid, your credit history is not taken into consideration.

**How do I apply?** Applications will be available in the summer of 2004 for the next series of business grants! If you would like to see the requirements for the last business grant series, check out [www.womensbusinessgrants.com/application.shtml](http://www.womensbusinessgrants.com/application.shtml) The next grant application will feature similar requirements and questions.

### **UPCOMING EVENTS**

June 1 – Women's Roundtable Jackson

June 2 – Women's Roundtable - Casper & Dubois

June 3 – Women's Roundtable - Laramie

June 4 – Governor's Summit Jackson

June 8 – Women's Roundtable - Sheridan

June 10 – Manufacturers Meeting Fremont County

June 10 – HubZone Contracting Opportunities - Diamondville

June 13-14 – Wyoming Banker's Convention -Teton Village

June 15 – Women's Roundtable - Cody

June 17 – Women's Roundtable - Powell

June 19 – Juneteenth

June 25 – Procurement Workshop Federal Dollars & Sense - Rock Springs

June 29 – WNET Call